

CHAPTER 3

MATERIAL RECEIPTS AND EXPENDITURES

The term receipt refers to material and services received for stock and direct turnover (DTO). The term *expenditure* refers to transactions involving either an issue, transfer, cash sale, or survey of material. This chapter contains information about procedures involving material receipts and expenditures.

The two most important management functions of any supply department organization are material receipt and expenditure. These functions are part of the daily routine operations in the supply environment. The prompt and accurate processing of material receipts and expenditures greatly contributes to effective supply operations.

A properly planned layout of the work area and a smooth flow of documents and material make an effective receiving operation.

Material issue is the most common method used for expending items of supply stock. In general, the issue transaction for a consumable item will result in an expenditure to an end-use fund. These funds are then used to requisition replacement items for stock. However, the procedures for expending aviation depot level repairable (AVDLR) items are different. When processing AVDLR, the expenditure will be processed only when the turn-in is beyond the repair capability of the supporting aviation maintenance activity. In this case, the retrograde is shipped off and the stock replenishment requisition is submitted to the supply source.

As a senior AK, you must know the procedures for processing receipts and expenditures because you will perform supervisory duties, either directly or indirectly, in all phases of these tasks. To properly perform these duties, both ashore and afloat, you should be familiar with your organization and its duties. You must also know the following information:

- receiving operations,
- types of receipt,
- methods of delivery,
- format of various forms used in receipts and expenditures,

- filing system,
- receipt preparation, inspection, and verification, and
- disposition of material and documents.

The procedures for processing receipts and expenditures vary depending upon the systems or labor-saving devices used. The availability of computer systems such as the Shipboard Uniform Automated Data Processing System-Real Time (SUADPS-RT) saves processing time. The aviation community in the Navy uses the Naval Aviation Logistics Command Management Information System (NALCOMIS). The Naval Integrated Storage, Tracking, and Retrieval Systems (NISTARS) and Integrated Barcode System (IBS) are used for receipt processing. Although automated systems are being used, there are times when transactions must be processed manually. You must know the contingency procedures used for processing receipts and expenditures manually to continue operating and prevent backlog.

MATERIAL RECEIPT

Material receipt is the gaining of possession of an item of Navy property through acceptance of physical custody. Receiving activities must have full control of the material after receipt and before it is forwarded to its ultimate destination. It is estimated that losses that occur during this cycle range from 40 to 70 percent of total material losses in the supply system. The control procedures must include the following processes:

- Identification of quantity received
- Source and date of receipt
- The unit to which physical custody was transferred at the completion of the Receiving process and the date on which the received material was released

Material may be received from several transportation sources such as the U.S. Postal Service, commercial or government air freight, commercial trucking firms, the United Parcel Service (UPS), vendor deliveries, commercial or government water freight,

DOD-owned vehicles, or direct pickup from a vendor. This material may be designated for stock, DTO to a department or local supported activity, to a holding area for pickup by a Navy contractor, or to a packing and shipping unit when further consignment is required.

RECEIPT OF MATERIAL ASHORE

Material receipt functions normally are more extensive ashore than those afloat because of the variety and large quantities of receipts. In a supply department organization, the receiving branch or section is responsible for the receiving operations. The receiving branch includes a receipt processing section, a receiving operations section, and a returned material section. At large naval supply activities, these sections may be further broken down into units depending on the workload.

In a large supply organization such as a fleet and industrial supply center (FISC), the receiving function may be the responsibility of the receiving branch under the Defense Distribution Depot of the Defense Logistics Agency (DLA). The receiving branch under the DLA plans and directs operations necessary to physically receive and control incoming material for storage, DTO, or transshipment. Material that needs to be delivered to customers in the local area is transferred to the custody of the FISC for further distribution.

The supply department procedures discussed in this section have been designed to quickly move material for stock replenishment directly from the receiving area to the appropriate storage location without preliminary processing of receipt documents by the receipt control section. Receipts for material DTO to a work center or department may require preliminary processing of receipt documents by the receipt control section so that proper documentation may be obtained to effect disposition of the material.

Receipt Processing Section

The receipt processing section establishes and maintains the open order files for receipts from purchase and the requisition and order files for receipts from other supply officers and other government departments (referred to as redistribution sources); maintains contact and follow-up procedures to guarantee prompt receipt of material; processes procurement and receipt documents; and certifies dealers' invoices for payment. This section also prepares and distributes rejection notices, inspection reports, and invoices covering receipts of government

material furnished to contractors. In addition, the receipt processing section provides information relative to unmatched vouchers and summarizes invoices from the financial accounting office.

Receiving Operations Section

The receiving operations section receives, verifies, inspects (when required) material received by the activity, except for returned material; segregates material by proper destination for ultimate movement to storage or for transshipment; maintains liaison and control over inbound cargo destined for the activity; and coordinates incoming and outgoing freight movements, including maintenance of necessary records. This section also maintains advance copies and completed government bill of lading files as well as carrier's freight bill files; performs necessary investigation of overages, shortages, damaged and rejected material; and initiates correspondence relating to these areas of responsibility.

Returned Material Section

The returned material section receives, verifies, and identifies all returned material; arranges inspection of material as necessary; and arranges for disposition of returned material to local Navy stock, to other activities as necessary, or to the Defense Reutilization and Marketing Office (DRMO).

Layout

Various factors at each supply activity ashore determine the actual layout for receiving operations. However, it is recommended that the sections of the receiving branch be located as near as possible to the initial point of receipt for the material. Receiving office spaces with appropriate files should be located within or adjacent to receiving terminals. Additional information on layout is contained in chapter 2 of this training manual (TRAMAN).

Receiving Branch Functions

The receiving branch receives and controls all incoming material for storage, DTO, or transshipment. The functions normally assigned to the receiving organization at a local supply activity include receipt and inspection of incoming material, segregation and delivery of incoming material, preparation of reports, preservation and packaging of material for storage or shipment, initiation of tracer action for incoming

material when required, and maintenance of files relating to all receiving functions.

The general flow of material receipts and documentation for incoming material from external sources must follow a closed loop receipt processing procedure. This means the material is transferred to the ultimate consignee, the documents are signed/dated, and the receipt transaction is recorded in the ledger or file. As stated previously, these procedures may vary from one activity to another depending on local policy.

NOTE: Activities using NISTARS processes receipts by using a computer scanner that reads the barcode on the receipt document and transmits the information to the main computer.

RECEIPT DOCUMENTS.— To effect proper distribution of documents and material under Military Standard Requisitioning and Issue Procedures (MILSTRIP), the receiving function should obtain the following documents, as applicable:

- Memorandum copies of Transportation Control and Movement Document (TCMD), government bill of lading (GBL), or other transportation documents should be received with the shipment (or received in advance of the shipment) depending upon the mode of shipment of the material.
- One copy of each applicable DD Form 1348-1 or DD Form 1348-1A, except on parcel post shipments. This document keys the individual items to the total shipment and is normally attached to the GBL or TCMD. For truckload receipts, these documents (both the DD Form 1348-1, DD Form 1348-1A, and the GBL or TCMD) are normally received as a package.
- Three copies of the DD Form 1348-1 or DD Form 1348-1A should be attached to containers in waterproof envelopes. For parcel post receipts, these copies may be inside the shipping container, depending on the size and type of the shipping container.

ROUTING SIGNALS.— To provide for the proper internal routing and control of material receipts and to determine the ultimate distribution of the DD Form 1348-1 or DD Form 1348-1A copies by receipt control, receiving personnel may use rubber stamps for identifying receipt documents. These are the Storage, Preposting, Transshipment, and Direct Delivery stamps.

DETERMINATION OF DISPOSITION.— The method for determining internal distribution of

incoming receipts, using standard receipt documentation, is to review the entry of items such as the unit identification code (UIC), serial number, project code, and supplementary address. These entries are used to determine if the material receipts are for stock or DTO. You can determine the disposition of material received by the following data:

- The paperwork of the material destined for stock will contain the UIC of the supply activity. The serial in the document number block is unique and used only for requesting stock replenishment.
- The receipt document for DTO will contain a document number assigned to that particular activity only. The receipt document of material for the shop/department under the same command as the receiving activity will contain the same UIC as the receiving activity.
- The receipt document for material for DTO to a supported squadron or activity will contain the UIC of the dependent activity. The activity's UIC is printed in the top line of the document under the caption Requisitioner and the UIC of the receiving supply activity is printed under the caption Supplementary Address.

Distribution of Receipt Documents and Material

The movement of stock receipts direct from the receiving area to the storage area depends upon the knowledge of the established storage positioning plan for the material concerned. Some activities position stocks by federal group and class, others by cognizance symbol and by federal group and/or class within the cognizance symbol.

CHECKING RECEIPTS.— Upon receipt of material, receiving personnel use the documents received with the material, or from the receipt control when such documents were received in advance of the carrier, to check and make disposition of the documents and material. The following actions are performed:

- Assign a receiving person to check the material.
- Verify the shipment as to number of containers actually received and compare with the total number specified on the transportation document.
- Initial and date the transportation document to certify receipt of material. When loss, damage, overage or other discrepancies exist, action should be taken according to procedures in the

NAVSUP Publication 1, Volume 2, chapter 3. Additional information on reporting discrepancies is covered in the *Report of Discrepancy (ROD) Manual*, NAVSUPINST 4440.179, and *Reporting of Transportation Discrepancies in Shipment*, NAVSUPINST 4610.33.

- Remove all three of the outside packing copies of the DD Form 1348-1 or DD Form 1348-1A attached to the containers except those intended for further delivery (DTO or transshipment).
- . In block 7 of the DD Form 1348-1, enter the checker's initials and date when material was physically checked. Enter any exceptions in blocks BB or CC. On the DD Form 1348-1A, enter the information on the RECEIVED BY AND DATE block located in the middle part of the right-hand side.
- l When a narcotic or controlled drug (item assigned pilferage code R or Special Material Content Code A) is received, a copy of the receiving invoice is furnished to the senior member of the local controlled medicinal inventory board.

DISPOSITION OF MATERIAL AND DOCUMENTS.— The disposition of material and documents for the various categories of receipts is as follows:

- . Stock material. Stamp one copy of the DD Form 1348-1 or DD Form 1348-1A Storage and one copy Preposting. Attach the storage copy to the material involved and forward to the appropriate storage area. Forward the preposting copy, the extra copy removed from the container, the advance copy received with or related to the transportation document, and the copy of the transportation document, if available, to receipt control for further processing.
- DTO to a work center or department. Stamp Direct Delivery on all copies of the DD Form 1348-1 or DD Form 1348-1A (three copies removed from the material and one received with the related transportation document). Forward material to the work center or department identified in the supplementary address field of the receipt document, using one copy of the DD Form 1348-1 or DD Form 1348-1A as the delivery document. When a work center or department is not identified on the receipt

document, request delivery instructions from receipt control.

- Deliveries to a dependent activity. When the name of the dependent activity is not shown on the DTO DD Form 1348-1 or DD Form 1348-1 A, obtain in-the-clear address from the transportation document, if available, or from the DOD Activity Address Directory, DOD 4000.25-D, and insert in block B of DD Form 1348-1. If the receipt document is DD Form 1348-1A, insert the activity's name in the ship to block located in the upper right-hand corner. Stamp Direct Delivery on all copies of the receipt documents. Forward the material with two copies of the receipt documents to the appropriate delivery or shipment section. Mark the copy of the transportation document, if available, to indicate disposition of the material and forward with the remaining copy (copies) of the DD Form 1348-1 or DD Form 1348-1A to receipt control for further processing.

Reporting Discrepancies

The categories of material receipt discrepancies may be caused by shipping, transportation, packaging, or material quality deficiency. Discrepancies such as overages, shortages, damages, incorrect, or nonreceipt of material are attributable to the shipping activity or transportation system.

SHIPPING AND PACKAGING DISCREPANCY.— Shipping discrepancies and packaging discrepancies that are attributable to the shipper are reported on a Report of Discrepancy (ROD), Standard Form 364. Refer to NAVSUPINST 4440.179 for detailed instructions and procedures concerning the ROD.

Purpose of Report of Discrepancy.— The ROD is used to support the adjustments of inventory and financial records. Shipping-type discrepancies are variations in the quantity or condition of goods as shown on the shipping document. These discrepancies include the following:

- Excess or insufficient quantity, because of an incorrect count
- Damage caused before shipment
- Incorrect item pulled from the warehouse and shipped
- Item is not identifiable because the proper paperwork is missing

The packaging discrepancies include the following:

- Improper packing
- Improper marking
- Improper unitization
- Improper preservation

NOTE: The ROD should not be submitted for discrepancies caused by the requisitioner. In this case, the material must be turned in under the Material Returns Program and the correct item reordered.

Reporting by Naval Message.— Use of a naval message to report shipping-type or packaging discrepancies is authorized on the following material requirements:

- Not mission capable supply (NMCS) related requisitions,
- Partial mission capable supply (PMCS) related requisitions, and
- Casualty Report (CASREP) related requisitions.

The subject line of the message must be "PRIORITY INCOMING ROD SF364." The message must include the following information:

- Requisition number
- Stock number
- Priority
- Clear statement of discrepancy and requested action
- Point of contact

If the activity submitting the ROD is unclear as to the correct actions to take to resolve the discrepancy, the shipper or the inventory control point (ICP) should be contacted for assistance.

Return of Discrepant Material.— The ROD action activity determines and directs return of discrepant material in the ROD response to the submitting activity. As a general rule, the ROD action activity will request the requesting activity to retain the discrepant material if the dollar value is less than \$500. If discrepant material is required, the disposition instructions will normally direct the receiver to return the material to the issuing activity.

In some cases, return of discrepant material may be considered uneconomical (large items/long distances). In this situation, the receiver may request, on the initial

ROD submission, to return material to the nearest stock point. If approved, the issuing activity will coordinate with the turn-in site to ensure credit processing to the customer account. The ROD reply will contain directions for the material turn in and points of contact involved.

ROD Action Activity.— Determine the action activity as described in the following texts.

- For shipment of Navy-owned material between Navy activities, the activity which shipped the material is considered the action activity and is responsible for researching and resolving the ROD.
- For shipments direct from a commercial contractor, the procuring contract office (PCO) is responsible for researching and resolving the ROD.
- For Defense Logistics Agency (DLA) owned material that is stocked at a Navy stock point, the action activity for the ROD resulting from a Material Release Order (document identifier [DI] A5_) is the applicable Defense Supply Center (DSC). Some of the DSCs are the Defense Industrial Supply Center (DISC), Defense Construction Supply Center (DCSC), and so forth. The DSC may request a Navy stock point to research an ROD; however, the DSC makes the final determination and respond to the ROD.

Non receipt of Material.— Before submitting the ROD, research local areas, files, and ledgers to find the material. As part of dues management, perform the functions in the following texts.

For material shipped by traceable means, process the transaction as follows. If a traceable shipment mode is recorded on the requisition file, shipping status (DI AS_, and the material has not been received within 45 days of this status for CONUS activities (90 days for OCONUS activities), perform the following actions:

- Review the transaction ledger, receipt documents, and exception listings. Conduct a search of frustrated material, receiving area, and any old locations. Finally conduct a spot inventory to see if material has been received.
- If the material has been received and receipt document has not been processed, process the document.

- If the shipping documentation shows that the shipment did not arrive, trace the shipment back through the transportation system or submit a Discrepancy in Shipment Report (DISREP) according to NAVSUPINST 4610.33.

For material shipped by nontraceable means, process the transactions as follows: If the shipment status reveals that the material was shipped by nontraceable mode and the material is not received within 45 days of this status for CONUS activities (90 days for OCONUS activities), perform the procedures described in the following text.

- Review the transaction ledger, receipt documents, and exception listings. Conduct a search of frustrated material.

- If material is received and the receipt document is not processed, process the document.

- If the material has not been received 60 days from the status date, submit an ROD. Process receipt with FIR Code M5 (shipper's loss). This will clear the due file for reordering and create an audit trail whereby accounting will offset future billing adjustments by the shipper. Send a copy of the ROD reply to the accounting office.

Requisitions with BA status (being processed for release or shipment) and the material has not been received within 60 days of this status for CONUS activities (120 days for OCONUS activities), submit an ROD first. Let the shipper conduct a research and tell you the mode of shipment if material has been shipped. Perform the following actions:

- If the ROD reply advises that material has been shipped, conduct research according to the mode described in previous paragraphs.

- If the ROD reply advises that a credit is being processed, process the receipt with FIR Code M5. Send a copy of the ROD reply to the accounting office.

Submission Time Frame.— Navy action activities will reject, with appropriate explanation, RODS not received within the 150 calendar days from shipment date (or BA date when no shipping status is received). This time limit applies to both shipments that have been received and to total nonreceipt of shipment. In cases where shipment is received very close to the 150 days time limit, the activity submitting the ROD will be allowed 15 days from the receipt date to submit the ROD.

Late Submission of the ROD.— A special extenuating clause may be used for late discrepancy reports involving concealed damage, shortages, overages, and wrong item discrepancies. In some cases, the receiving activity may be prohibited from opening and inspecting the material because of packaging or preservation considerations or manufacturer sealed container. When the package is opened for use and the discrepancy is discovered, the time limit for submitting the ROD may have passed. In this case, submit the ROD with the clause on the remarks block as in the example below.

“ROD is submitted late due to extenuating circumstances. At the time of receipt, the shipping document matched the container markings. The container shows no signs of tampering/damage. The container was not opened due to” (enter one of the following reasons):

- Packaging and preservation considerations
- Manufacturer sealed container
- Technical inspection of material was not performed at the time of receipt

The reporting activity must also provide information on the container such as the NSN, requisition number, contract number, or manufacturer.

Controlled items.— Notify the security officer for discrepancies involving controlled items. Conduct an investigative research for nonreceipt of controlled material before submitting the ROD. Perform other actions according to the mode of shipment used by the shipper as discussed in the previous paragraphs.

Mandatory Turn-In Repairables.— The Hubs at stock points are required to fully screen selected aviation material receipts and all nonaviation material receipts to determine if discrepancies exist. This function is primarily performed by Advanced Traceability and Control (ATAC) Hubs.

Non-ATAC Hubs report all shipping-type and packaging discrepancies on an ROD with a copy sent to the following activities:

- The cognizant ICP
- The turn-in activity
- The turn-in activity's type commander

The ATAC Hubs submit reports other than misidentification discrepancies using ROD and sends a copy to cognizant ICP, turn-in activity, and turn-in

activity's type commander. The ROD forwarded to the turn-in activity and type commander is for information only. The ICP will later contact the turn-in activity with a notification of potential billing adjustment when the discrepancy involves turn in of a wrong item.

Misidentification discrepancies are recorded by the ATAC Hub via an automated program. The turn-in activities are provided with an automated listing of all discrepancies. This listing includes an indicator of a potential billing adjustment. Discrepancy summaries are also forwarded to type commanders and fleet commanders. The ICP receives only the information necessary to investigate discrepancies with potential billing adjustments.

File Requirements.— Retain closed ROD case files for a period of 1 year after receipt of reply from the action activity. Maintain a separate case file by fiscal year. Maintain an outstanding ROD file for monitoring purposes.

Control System.— Maintains a control system for monitoring RODS. This may be accomplished using either the manual or mechanized method. At a minimum, the record should include the following information:

- Report number assigned to the ROD
- Date of submission
- Action activity
- Requisition or contract number
- NSN and cognizance symbol
- Extended money value
- Discrepancy cited
- Action requested
- Date reply received
- Reply
- Follow-up date

Follow-up or Cancellation.— Navy action activities are required to reply within 45 days after receipt of ROD. Follow-ups should be numbered as first follow-up, second follow-up, and so on. The first follow-up should be submitted to the action activity 60 days after submission of the original ROD. Submit subsequent follow-ups at 30 day intervals.

Cancellation of ROD by the submitting activity requires a copy of the ROD, marked "CANCELED," to be forwarded to the action activity. The ROD copy must be annotated with clarifying data in the remarks block and signature and the date the person submitted the cancellation.

Distribution of Copies.— Distribute copies of shipping-type and packaging-type RODS as portrayed in Table 3-1 and Table 3-2. In all cases, one copy must be attached to the material and a copy in the file.

TRANSPORTATION DISCREPANCY.— Transportation discrepancies in shipments sent through the Defense Transportation System (DTS) and shipments within the continental United States (CONUS) moved by commercial carriers are reported on a Discrepancy in Shipment Report (DISREP), Standard Form 361. The types of discrepancies to be reported and detailed instructions for the preparation and distribution of DISREPs are outlined in nAVSUPINST 4610.33.

Receipt of Material for Stock

Material received for stock, other than material turned into store (MTIS), is delivered to the storage area by receiving personnel with a copy of the DD Form 1348-1 or DD Form 1348-1A, stamped Storage. The storage location information is obtained from locator files and is marked in block 10 of the receipt document. When the storage location actually used is different from the location indicated in the locator file, or when no location has been established, the receipt document must be marked with the words location change or new location.

Upon receipt of the material and storage copy of the receipt document, the storeroom custodian performs the necessary count, identification, and inspection for damage when not performed in the receiving area. When there are no exceptions, the material is stored in the indicated location or in (a) new location(s), as necessary. The storage copy is completed by inserting initials of the storeroom custodian and date of receipt in block 9 of the DD Form 1348-1. The completed receipt document is then forwarded to the financial inventory control section, or other action as required by established local procedures.

When exceptions in quantity, identification, or other conditions are discovered, the storeroom custodian marks the storage copy of the DD Form 1348-1 with correct information directly below the pertinent printed data on the receipt document. The

Table 3-1.-Distribution of Copies, Shipping-type RODs

TYPE OF MATERIAL SHIPMENT	NUMBER OF COPIES/ACTIVITY TO RECEIVE		
Navy-owned material between Navy activities.	Orig + 1 Shipper		
DLA-owned material from Navy stock points.	Orig + 1 DLA ICP	1 Copy Shipper	
Navy centrally procured (direct vendor shipments of Navy buys).	Orig + 1 PCO	1 Copy CAO	1 Copy ICP/IM
Other service/agency centrally procured (direct vendor shipments of other service or agency buys).	Orig + 1 PCO	2 Copies CAO	1 Copy ICP/IM
Local procurement.	Orig + 1 PCO	2 Copies CAO	
GSA-originated or GSA-directed shipments.	Orig + 2 GSA	1 Copy Shipper (If DOD Depot)	

NOTE: List of acronyms and definitions:

CAO - Contract Administration Office, if different from PCO.
Attach copy of the contractor shipping document.

DLA ICP - The Defense Supply Center managing the material, i.e., S9I.

GSA - GSA Discrepancy Report Center
1500 East Bannister Road
Kansas City, MO 64131
(Attach a copy of GSA issue document)

ICP/IM - As indicated in record position 67-69 of DD Form 1348-1.

Orig+ - The original plus the number of copies to be forwarded.

PCO - Procuring Contract Office (Attach a copy of the contractor shipping document).

Shipper - The activity that issued the material.

Table 3-2.-Distribution of Copies Packaging-type RODS

TYPE OF MATERIAL SHIPMENT	NUMBER OF COPIES/ACTIVITY TO RECEIVE			
Shipments of Navy-owned material between Navy activities.	Orig Shipper	1 Copy NPCP		1 Copy SITO
Shipments of Navy-owned material from Navy Stock Points.	Orig DLA PCP	1 Copy Shipper		1 Copy SITO
Shipments from other services.	Orig + 1 SPCP	1 Copy Shipper		1 Copy SITO
Navy centrally procured (Direct vendor deliveries of Navy buys).	Orig CAO	1 Copy NPCP		1 Copy Shipper
Other service/agency centrally procured (direct vendor delivery of other service or agency buys).	Orig SPCP	1 Copy CAO	1 Copy Shipper	1 Copy ICP/IM (Note 1)

- NOTE:** (1) When GSA is the item manager, send copy to GSA Discrepancy Report Center.
- (2) In addition to the distribution of copies above, one copy is attached to the material and one copy retained for file.

Definition of terms where copy of RODs are sent to:

- CAO - Contract Administration Office (attach a copy of the contractor shipping document).
- DLA PCP - DLA Packaging Control Point (refer to Appendix F of NAVSUPINST 4440.179 for listing).
- ICP/IM - The ICP/IM indicated in record position 67-69 of DD Form 1348-1.
- NPCP - Navy Packaging Control Point (refer to Appendix F of NAVSUPINST 4440.179).
- Orig + - Original copy only or plus a number of additional copy of ROD.
- Shipper - Activity that issued the material.
- SITO - Shipping Installation Transportation Officer (If personal property shipment).
- SPCP - Service Packaging Control Point (refer to Appendix F of NAVSUPINST 4440.179 for listing).

quantity is lined out, but not obliterated, and the quantity actually received is marked directly below the lined-out quantity. The word *Discrepancy* is stamped or written on the document. Depending upon the circumstances of the exception, the material is placed either in stock or in a temporary holding area pending disposition. The marked document is then forwarded to the financial inventory control/clerical function section for exception processing.

Material Turned in to Store

Navy material returned from the customer to stock points has traditionally been called material turned into store (MTIS). Stock points carry material in stores accounts such as Navy Stock Account (NSA) or appropriation purchase account (APA).

MTIS is used primarily to take ready for issue (RFI) turn in from customer activities and return them to stock to meet anticipated requirements. When a retail stock point does not carry the MTIS in stock, a formal inquiry procedure to declare the material excess to the wholesale item manager via the DOD material returns program (MRP) is initiated according to instructions as outlined in NAVSUP P-437, chapter 2.

MTIS is placed in local stock when the item is within the authorized retention limit of the activity.

MTIS SCREENING AND IDENTIFICATION.— A material screening and identification section should be available at all shore activities for MTIS. MTIS is held in this section during the screening and identification process. During the screening process, material received with proper documentation and packed in a professionally packaged container is inspected using the same procedures as a routine receipt from other sources.

Effective MTIS operation requires the use of technical reference material for identification process and decision making in determining when to place the item(s) in stock (with or without credit), when to send an excess inquiry to the item manager, or when to determine that the item has no use to the Navy and qualifies for transfer to the DRMO. The following resource documents should be available for personnel performing the MTIS screening to use in this decision-making process: Management List-Consolidated (ML-C); Master Cross Reference List (MCRL); Master Repairable Item List (MRIL); Navy Item Control Number (NICN) to National

Item Identification Number (NIIN); and the demand history record (either microfiche or printout) when available.

Upon receipt of MTIS, receiving personnel should verify quantity and check in the material as follows:

- Release a receipted copy of the turn-in document to the representative of the activity turning in the material (when such representative is available and has provided one additional copy of the DD Form 1348-1 for this purpose).
- Attach a minimum of three copies, and any additional available copies of the DD Form 1348-1, to the material and forward to the area designated for screening and identification, if required.

SCREENING DETERMINATION.— MTIS is identified and classified under one of the following categories as described in the following information:

For material identified by federal supply class or federal supply group in an RFI condition and for which the instructions provide that the material will be taken up in stock, the annotation Ready for Issue (RFI) is made on the receipt document.

For mandatory turn-in repairable (MTR) material that is not in an RFI (NRFI) condition, the MRIL should be used to identify the appropriate MTR processing activity where the material will be shipped. However, activities supported by a Hub must ship NRFI retrograde via the ATAC Hub.

Material not required for stock, regardless of its condition upon receipt, is subject to an inquiry from the wholesale manager for disposition and held pending reply.

For material determined to be scrap, the annotation Excess-Dispose of Scrap is applied to the receipt document. The decision to send any material to the DRMO should be considered very seriously for other than valid scrap. Any items in doubt should be referred to the inventory control officer for final determination.

When proper classification of the material has been determined, a minimum of three copies of the DD Form 1348-1 for each classification of material should be marked with one of the descriptions discussed above. A copy of the DD Form 1348-1 must be attached to the

item inside the container and must remain with the item until it is through processing.

DISPOSITION OF MTIS.— After screening and identification processes have determined that the material is in any one of the four categories listed above, the material and documents are distributed as described in the following paragraphs.

Material for transfer to DRMO fall into one of three categories. They are items that need inventory manager disposal authority, items that do not need disposal authority, or scrap and waste. Material determined to be in the category for transfer to DRMO is forwarded to the disposal or shipping section for further action or delivered directly to DRMO. The document used for transferring material to DRMO must contain a Disposal Authority Code. Disposal authority code M is assigned for transfers authorized by the item manager. Code N is assigned for material that is not reportable by virtue of an exclusion to the MRP of NAVSUP P-437 or other specific criteria such as extended dollar value or condition limitations on excess reporting and are duly authorized to be transferred to DRMO. Code N is assigned for material that has been reported to inventory manager/inventory control point according to the Material Returns Program described in NAVSUP P-437 and are excess to authorized retention levels. Code N is used when disposal/action complies with Service/Agency Instructions. The items transferred to DRMO must be accompanied by a minimum of three copies of DD Form 1348-1. Personnel accepting the material should receipt for the items and forward one copy of the signed receipt document to the transferring activity or the bearer. When DRMO acknowledges receipt of material, the shipping activity should prepare and submit a shipping status (DI AS3), with distribution code 9 in record position 54, to the Defense Reutilization and Marketing Service (DRMS). Refer to Appendix B of NAVSUP P-437 for the format in preparing document identifier AS3.

Material for stock storage. Material determined to be in the category for storage is forwarded to the appropriate storage location with a minimum of two copies of the DD Form 1348-1.

PROCESSING REPAIRABLE MATERIAL.— Each shore activity supporting fleet units or dependent activities should establish a specific location for turning in repairable MTIS items.

The shore activity should furnish additional packaging when the need is indicated on the DD Form 1348-1, or when the condition of the containers shows an obvious lack of protection and additional packaging is required. When additional packaging is not required, material turned in for transshipment should be forwarded directly to the transportation section for processing.

MTR items take precedence over all other MTIS, provided they are properly identified, Critical items turned in on a priority 03 (transportation priority 1), and may be identified as RED STRIPE, must be processed immediately upon receipt. Items of short supply turned-in on priority 06, and maybe identified as BLUE STRIPE, must be processed immediately as resources permit. If transshipment is required, premium transportation, including air shipment, is authorized for RED STRIPE and BLUE STRIPE material. process material shipments according to *Military Standard Transportation and Movement Procedures*, DOD 4500.32-R.

Screening by consignee activity to verify accuracy of identification or consignment of documented turn-ins should be performed selectively as required according to NAVSUPINST 4419.2. Screening to verify adequacy of packaging should be limited to a visual inspection to determine if the DD Form 1348-1 indicates a need for additional packaging (block GG marked Packaging Required) or if the condition of the material or container indicates an obvious need for additional packaging. MTR material received without documentation or with inadequate documentation should be forwarded to the screening section for further processing. Discrepancies noted should be reported according to NAVSUPINST 4440.179 or NAVSUPINST 4610.33.

MATERIAL RECEIPT AFLOAT

The material receipt process afloat involves the identification, storage, issue, and recording of all material previously requisitioned or purchased and received by the activity. As an integral part of the supply receipt process, all material received must be properly identified, stored (if the material is for stock), issued (if the material is for DTO), and recorded in the stock records through SUADPS-RT in a timely fashion.

The receiving process is apart of the supply support operation cycle. Receipt processing interfaces with other supply functions such as procurement, expenditure, and inventory management. The

relationship of receipt processing to other functions is illustrated in figure 3-1.

Responsibilities

Responsibilities for specific individuals and work centers within the supply department for material receipt processing are discussed in the following paragraphs.

SUPPLY OFFICER.— The supply officer is directly responsible for the entire receiving process. This includes, but is not limited to, the following physical receipt of material, material identification, material inspection, material distribution, material storage, and SUADPS-RT processing of all receipt papers and associated documents.

The supply officer delegates the responsibility for physical receipt of incoming stores, except for ship's store stock and food items, to the readiness/stores officer.

READINESS/STORES OFFICER.— The readiness/stores officer is responsible for all matters pertaining to receiving supply materials. This includes,

but is not limited to, the following: material receipt preparation, receipt procedures, material inspection, storeroom maintenance/integrity, underway replenishment (UNREP), transit shed/butler hut operations, and SUADPS-RT processing.

STOCK CONTROL OFFICER.— The stock control Officer reports to the supply officer, or to the readiness/stores officer on an aircraft carrier, on all matters pertaining to receiving. This includes, but is not limited to, the following: receipt reversals, receipt reporting, financial inventory report (FIR) code imbalance, and receipt discrepancies.

MATERIAL OFFICER.— When assigned, the material officer is in charge of the material division on board aircraft carriers. The material officer reports to the readiness/stores officer for all matters pertaining to receiving materials. The responsibilities of the material officer include, but are not limited to, the disposition of material receipts and stowage of stock items.

LEADING MATERIAL STOREKEEPER.— The leading material Storekeeper (sometimes referred

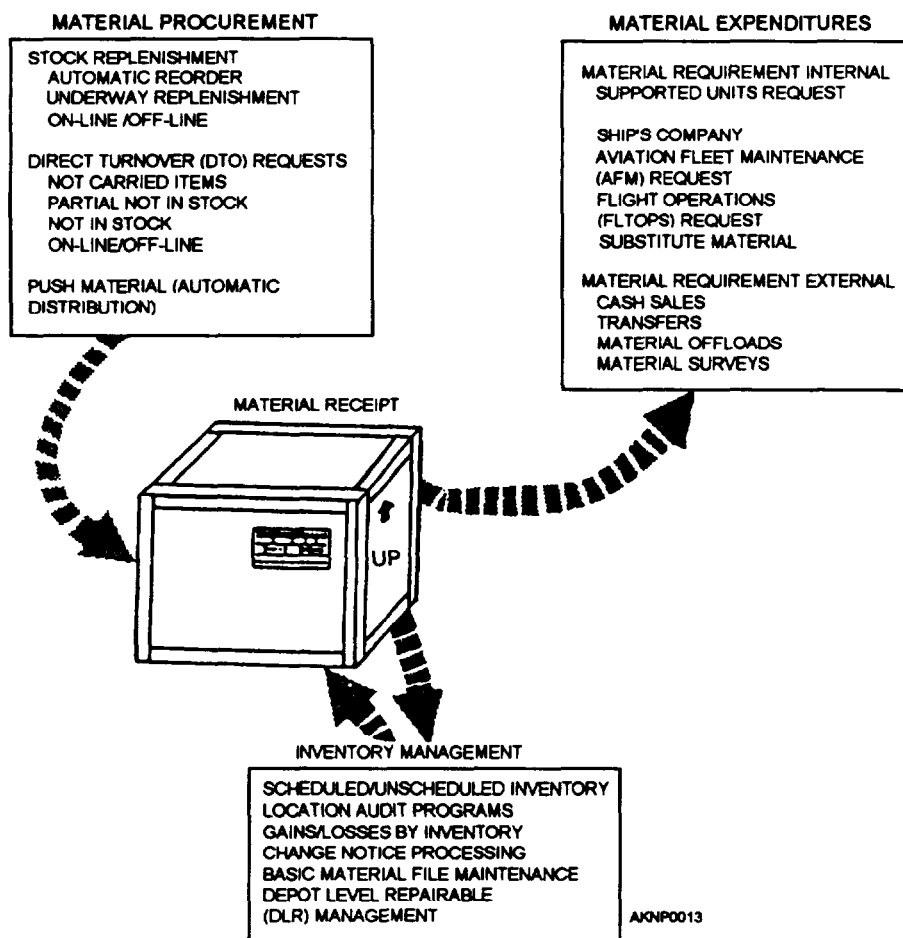


Figure 3-1. Receipt process interface.

to as leading storeroom Storekeeper) is responsible for making sure that incoming material is properly receipted, identified, inspected, segregated between stock and DTO, and distributed to the appropriate supply department storerooms or presented to other departments when the material is marked for DTO. In addition, the leading material Storekeeper makes certain that all receipt documentation is properly marked and distributed to the appropriate work center for further processing.

When the leading material Storekeeper is absent during normal working hours, the next senior material Storekeeper assumes the duties. In the performance of his or her duties, the leading material Storekeeper who has been delegated the responsibility for receiving incoming stores exercises direction over other Storekeepers and working parties assigned to assist in the receipt of incoming stores.

DUTY STOREKEEPER.—The duty Storekeeper is responsible for making sure that all material delivered to the activity after normal working hours, on weekends, or on holidays is receipted, identified, inspected, and placed in the designated receiving section or turned over to the requesting department (if DTO). When sufficient personnel in the duty section are available, stock material may be properly placed in the appropriate storeroom. The duty Storekeeper also makes sure that receipt documents are properly marked and passed to the leading material Storekeeper on the following workday.

Receipt Procedures

Receipt procedures for afloat activities, especially aircraft carriers, normally are the same from ship to ship. All ships are replenished while in port and receive stores at sea by highline or aircraft. Receiving stores at sea is refined to as underway replenishment (UNREP) and vertical replenishment (VERTREP). Procedures for replenishment and receiving stems during these operations are covered in detail by individual instructions issued by each ship. For additional information concerning specific files and receiving procedures, refer to *Automated SNAP I Supply Procedures, Volume 1, Logistics and Inventory Management*, NAVSUP P-567, and *Afloat Supply Procedures*, NAVSUP P-485.

In-port Replenishment

Replenishment of stores while in port requires advanced planning, coordination, and scheduling with the shipping activity. This planning should ensure that stores are received during normal working hours and well in advance of anticipated ship movements. The senior AK frequently becomes involved in the scheduling, coordination, and planning for receipts while in port. Arrangements should be made for working party assistance, if needed, transportation with the material department of the supporting supply activity, and materials-handling equipment from the supporting station. The various planning factors affecting in-port replenishment (INREP) are shown in figure 3-2.

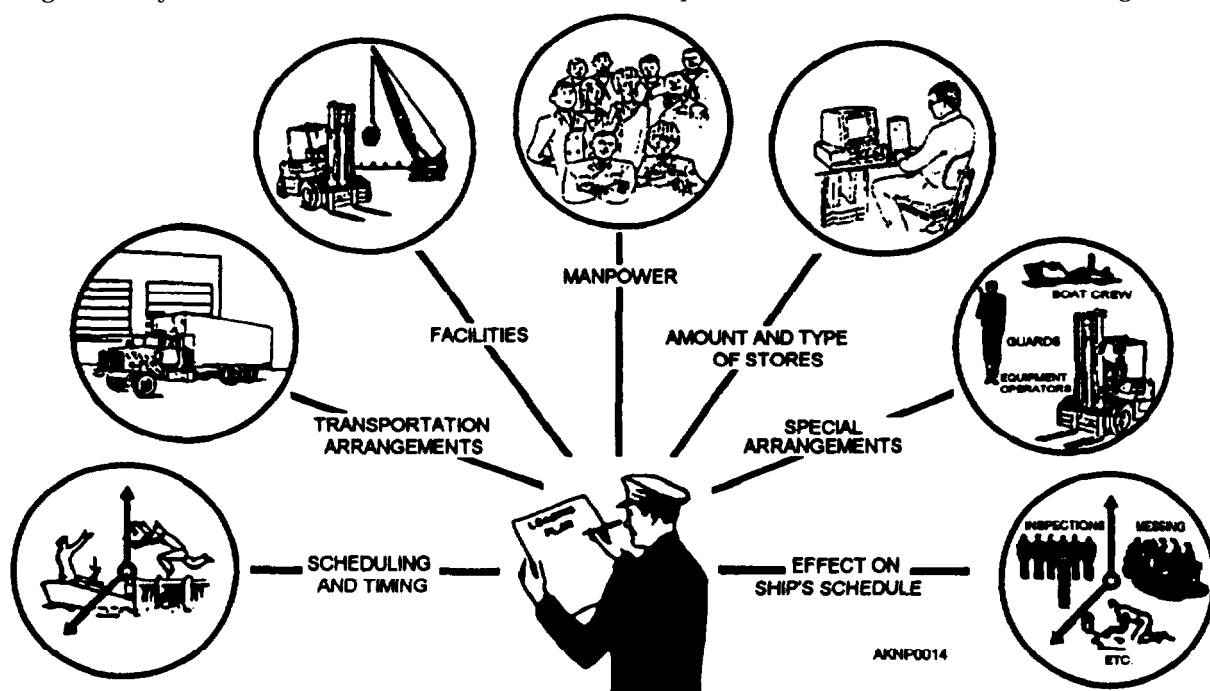


Figure 3-2.-Factors in planning in-port replenishment.

When a unit is deployed overseas, most supply support is normally received from the combat logistics force (CLF) and local purchasing offices. The receiving process will be basically the same as in U.S. ports except when at anchor; then additional arrangements must be made with the ship's departments for boat requirements and use of shipboard crane equipment. Local harbor operations and shore-based facilities are sources for additional information and equipment support, if required.

Underway Replenishment

UNREP is the art and science of supplying ships at sea with fuel and stores. The primary value of an UNREP is realized during wartime since it permits a combat ship to remain at sea for an indefinite period of time. The peacetime advantages provide valuable training of personnel in the complex procedures of supplying several vessels simultaneously while they are proceeding at reasonable speed. In general, UNREP serves a dual purpose; it provides ships with materials needed to perform their mission and provides training for personnel on issuing and receiving ships in the procedures essential for transferring material at sea.

Senior AKs play an important role in UNREP. They must work closely with other senior petty officers and officers of the supply department in planning the replenishment procedures and in supervising the work in progress. It is principally with regard to planning that the background and knowledge of the experienced AK is essential.

This section highlights the attention of the senior AK on the essential elements in planning and executing replenishment on board a typical aircraft carrier when receiving supplies at sea. No effort is made here to provide a complete outline or list all the numerous steps in detail form since the procedures of receiving stores under way are not standardized to the point that an acceptable blueprint can be furnished. Therefore, emphasis is placed on the factors that must be considered in formulating local plans for efficient functions under local conditions. These factors include the coordination of various departments, the stations to be manned, the amount of stores anticipated, the personnel and equipment required, and the special procedures and safety precautions normally employed during replenishment operations.

When all necessary factors are considered and all essential planning, teamwork, speed, and precision have been executed skillfully, the UNREP operation

can then be termed successful. On the other hand, when the operation goes sour because of inadequate planning or from other causes, the situation then becomes a nightmare of confusion in a matter of minutes, and the disorder that results may require many hours of hard work to correct.

It is important to remember that the ship is in a vulnerable condition during UNREP and failure to take proper safety precautions because of incomplete planning or confused execution could result in great loss of life and prevent the ship from performing its primary mission.

PREPARATION FOR UNREP.— Delivery of material during UNREP/INREP is basically a five-step process as follows:

- Requisitions are submitted to a CLF unit by message, mail, or tape.
- The CLF unit stages the requested material according to its delivery plan.
- Material is transferred to the requesting ship by highline or connected replenishment (CONREP), helicopter (VERTREP), or in-port replenishment (INREP).
- Material is delivered to a drop point and distributed to various receiving points, usually a storeroom or central DTO processing area.
- Material is then placed in storage (if for stock) or turned over to the ordering department (if for DTO).

The pace of replenishment at sea prohibits accurate verification of receipts at the drop points. Material should be removed from the drop point before the physical receiving process begins. The following procedures are recommended to provide a smooth flow of material during UNREPs:

- Assistance will be required from personnel outside the supply department. The UNREP should be carried out under the supervision of experienced personnel. Personnel should be assigned to specific tasks and supervisors should make sure that assigned tasks are understood and that personnel assigned to operate materials-handling equipment are qualified.
- A plan should be developed to distribute material from each drop point. Full advantage should be taken of available materials-handling equipment (forklifts) as well as the ship's design and installed materials-handling capabilities.

. Responsible senior enlisted personnel are positioned to observe the flow of material and watch for possible material loss. The most experienced personnel should be placed at possible bottlenecks and in areas normally associated with the receipt of sensitive items such as pilferable, hazardous, and classified material.

- Personnel should not be allowed to begin receipt processing under any conditions that encourage carelessness. When necessary, material receipt can be processed upon completion of the replenishment and after stores are located in secure spaces.

TYPES OF STORES ANTICIPATED.— The number of receiving stations that must be manned depends largely on the amount and types of stores anticipated. Normally 2 or 3 days before the scheduled replenishment, the transferring ship notifies the receiving ship as to the nature and amount of stores to be transferred. The figures given are, in most cases, rough estimates that can be used for planning purposes. A safe rule of thumb is to plan for a one-third excess over the tonnage expected, and planners should assume that at least some of every category of material will be received. A replenishment plan must be flexible to make sure that its use is not destroyed by sudden, unexpected changes in quantities and type of stores received. Personnel must be available to handle all types of material at one time.

It is especially important to know the quantity and type of dangerous and semisafe material to be received. Adequate flammable storage space must be available to accommodate such material. Special procedures should be established so that this type of material can be taken directly from the receiving station to the paint or flammable storerooms and not be allowed to accumulate on deck.

Each type of stores received is handled in a different manner and should be directed to different storage locations. Plans for the replenishment must include the consideration of peculiar characteristics of all types of incoming stores. Some of the most important aspects of handling each category of material are discussed in the following paragraphs.

Aviation Stores.— Aviation material received during UNREP normally involves several different small items packed together in large boxes at the shipping point. Shipping containers obviously containing only one item need not be opened, but are directed to the proper staging area or storeroom at once. Items shipped as multipacks should be opened, checked, sorted, and forwarded to storerooms (or

special receiving areas) as soon as possible. Normally, it is not advisable to move multipacks into storerooms simply to save time in clearing the deck. The AK in charge of flight clothing should be on hand during the sorting to take charge of his or her material.

Sorting and checking of aviation stores should be performed where manual handling can be minimized, and where the necessarily slower activity does not interfere with the rest of the replenishment operations. Debris from breaking open boxes should be cleared at once and disposed of according to local instructions.

General Stores.— General stores received during UNREP include bulky materials such as rags, toilet paper, brooms, swabs, and paint. Many of these items are difficult to handle with mechanical equipment. Sorting and checking of this type of material should be done under the supervision of a senior Storekeeper.

Dry Provisions.— Dry provisions represent a large portion of any replenishment. This category of material is the easiest to handle and sort. Most of these items are shipped in sturdy fiberboard cartons that are designed to move on conveyors easily and stack neatly on pallets. They are normally light enough to be handled by one person. Checking and sorting of this type material is required in all cases by senior Mess Management Specialists. Particular care must be exercised in handling items in bags such as flour and sugar.

Fresh Provisions.— Fresh provisions are somewhat difficult to handle and to move to the reefers. This is particularly true on ships where reefers are located in areas where access is difficult. The process of moving fresh provisions below decks can become bogged down and create a bottleneck.

Qualified personnel from the medical department should be on hand to inspect fresh produce and survey fruits and vegetables that did not pass inspection. Mess Management Specialists should be stationed in such places as necessary to detect spoiled produce and save manhours used in handling the commodities.

Frozen Provisions.— The most important requirement when moving frozen provisions is speed. Frozen products must be moved into the freezer immediately upon receipt. When the ship is operating in hot climates, the steel decks become very hot and frozen items thaw rapidly (partially or completely) and make them unsafe for consumption. Checking and sorting of this type receipt should be done by Mess Management Specialists.

Working party personnel assigned to handle frozen food items should be advised in advance to have gloves available when it is necessary to handle frozen items manually. A reasonably clean pair of canvas work gloves are best suited for this purpose.

Accountable Stores.— Receipt of large amounts of ship's store *stock is also* routine during UNREP. This includes clothing items, personal hygiene products, electronic equipment, and other pilferable items. The S-3 division should be represented by responsible persons at each loading station and supervised by senior Ship's Servicemen to take charge of such accountable material as soon as it is received.

When this type of item is received, each person in the supply department should assist in preventing theft. When the receipt involves a large quantity, responsible petty officers from other supply divisions may be used as escorts for working party personnel carrying the material to storerooms, or for watching the conveyor tracks or chutes. Every foot of the entire route used for moving accountable stores must be in full view of a responsible petty officer at all times.

Hazardous Material.— Hazardous material is defined as any material that requires careful attention to guarantee adequate safety to life and property because of its potentially dangerous nature. The receipt of hazardous materials during UNREP can be expected. Proper handling and stowage of this category of material is mandatory.

Federal regulations require hazardous materials be identified by symbols on labels attached to their containers to designate the degree of health, fire, reactivity, and specific hazards to the receiver. Each type of hazard (except specific), has a number from 0 to 4 that represents the degree of hazard. For example, health hazard 4 identifies deadly. In addition, the symbols for each type of hazard are identified by different colors as follows: blue indicates health hazard; red indicates fire hazard; yellow indicates reactivity hazard; and white indicates specific hazard. Figure 3-3 illustrates hazardous material symbols on labels denoting the degree of hazards. The relation of these symbols to the type of storage requirement is described in figure 3-4.

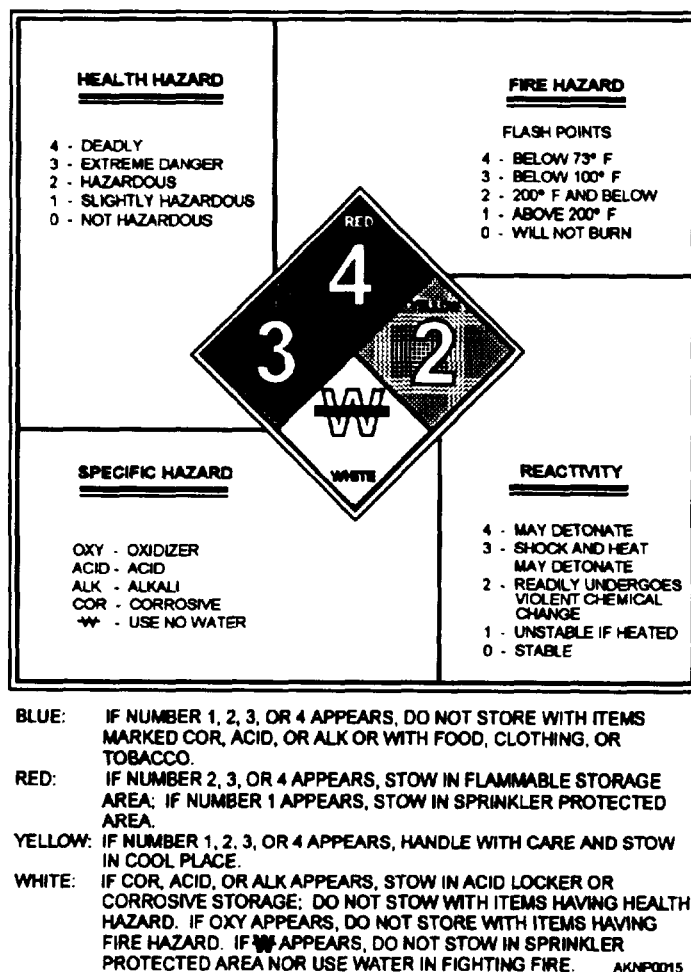


Figure 3-3. Hazardous material symbols.

Type of hazard	Degree of hazard	Description of hazard	Type of storage area required							Cannot be stored with or near						
			General storage	Secured storage	Flam-mable storage	Acid storage	Non-sprink-ler storage	Special storage/han-dling	Special facility handling	Acid	ALK	Cor	OXY	Flam-mables ***	Health hazards	Water
Health	0	Normal material	x													
	1	Slightly hazardous	x							x	x	x				
	2	Hazardous	x							x	x	x				
	3	Extreme danger		x						x	x	x				
	4	Deadly		x						x	x	x				
Fire	0	Will not burn	x													
	1	* Above 200°F	x										x			
	2	* Below 200°F			x								x			
	3	* Below 100°F			x								x			
	4	* Below 73°F			x								x			
Reactiv-ity	0	Stable	x													
	1	Unstable if heated	x													
	2	Violent chemical change						x								
	3	Shock/heat may detonate						x								
	4	May detonate							x							
Specific hazard	OXY	Oxidizer **								x	x	x		x		
	ACID	Acid				x									x	
	ALK	Alkali				x									x	
	COR	Corrosive				x									x	
	-W-	Use no water					x									x

* Flash point.

** This material must be stored in fire protected storage but away from flammables.

*** Fire hazards 1, 2, 3, or 4.

Figure 3-4.—Storage requirements for hazardous material.

Some hazardous materials become especially dangerous when stored near certain items. For example, calcium hypochlorite and bleaching powder decompose and emit oxygen when exposed to heat or moisture. The oxygen emitted by these substances would accelerate the combustion of any flammable accidentally ignited nearby. The excess oxygen could also contribute to spontaneous combustion of flammable material stored in the vicinity of oxygen emitters. For these reasons, any item that tends to decompose and emit oxygen should be handled the same as flammable material. Chlorinated compounds, including cleaning compounds, must be isolated from acids, other oxidizing agents, moisture, flammable material, or exposure to heat.

Compressed Gases.— Compressed gases are classified as either flammable or nonflammable and must be handled properly. Oxygen and chlorine are nonflammable gases but react violently when mixed with hydrogen and acetylene.

Special safety precautions to be followed when handling compressed gas cylinders are as follows:

- Protective caps must be kept on cylinders that are not being used. Unprotected valves are easily damaged or broken off and could cause undetected leakage. Undetected leakage of hydrogen, nitrogen, carbon dioxide, chlorine, or ammonia could result in suffocation.

- Cylinders must be secured by using *collars or notched spacers* during shipment.

- Cylinders must not be tested by opening a valve to check if they are filled with gas. They must be weighed or checked with a pressure gauge to determine if they are full. Empty cylinders must be tagged with an “EMPTY” label to prevent confusion or mixing with full cylinders.

DEPARTMENTAL RESPONSIBILITIES.— Replenishment at sea is considered an all-hands evolution. With the exception of a major ammunition movement, UNREPs involve more personnel directly and physically than any other operation. Material is removed from the staging area of the issuing ship, loaded onto cargo nets, and sent to the receiving ship at rates in excess of 100 tons per hour. This material must be removed from the receiving area as fast as it arrives and moved to staging areas or to storerooms at approximately the same rate. Close coordination of all hands must be followed to move the material efficiently.

The executive officer (XO) is responsible for overall control and coordination of the UNREP. Before the scheduled UNREP, the XO convenes a meeting of all department heads and assigns individual responsibilities. The detailed planning and the day-to-day coordination with other departments are normally assigned to the supply officer. The XO is kept informed of programs in the planning of the UNREP and takes an active part only when difficulties arise that cannot be handled at the lower level. During the replenishment, the XO remains on the bridge and the supply officer is in charge of the movement of stores when received on board.

Although departments other than supply are actively concerned with the replenishment, the weapons and air departments have the greatest responsibility. The operations department is responsible for mail being transferred and for transfer of personnel when required. The engineering department is responsible for manning the elevator pump rooms, granting permission to open hatches as required, and making sure that sound-powered telephones are available and in working condition. The aircraft intermediate maintenance department (AIMD) is responsible for maintaining forklifts and other materials-handling equipment.

Weapons Department.— The weapons department is responsible for physically loading the material on board the receiving ship (except during VERTREPs), enforcing all safety precautions at replenishment stations, and making sure that all nets, slings, pallets, and other handling material belonging to the delivering ship are returned. Only weapons department personnel are authorized to operate weapons department elevators when used to strike incoming stores below decks. The weapons department representative is primarily concerned with the expected tonnage and the rate at which the stores come aboard.

Air Department.— The air department is responsible for providing direction to the helicopter in spotting each net load received during VERTREPs. The air department must be informed of the amount of clear deck space required and the elevators that must be manned during the replenishment.

REPLENISHMENT PROCEDURES.— Replenishment procedures cover several areas that require the knowledge and attention of a senior AK. These areas include the different stations used during replenishment, the personnel required, the equipment to be used, and the actual procedures employed for the receiving, strike, and transfer of accountability.

A replenishment station is any location where some significant action is taken on the stores being received. The replenishment stations may be divided into three general groups—receiving, sorting, and striking. Stations within a group cover the same function, regardless of location.

The locations of replenishment stations on a typical aircraft carrier are shown in figure 3-5. Receiving stations 1 and 2 are on elevators 1 and 2 respectively, with the elevators at hangar deck level. The third receiving station, normally used during VERTREP operations, is on or in the vicinity of the No. 4 elevator.

Sorting stations are close to the receiving stations where net loads may be towed by tractor or delivered on roller conveyors. At this point, stores are sorted and palletized on the basis of strike area (station). Major strike areas, as shown in figure 3-5, view A, are located where mechanical equipment is readily available. However, strike areas may be located anywhere close to the ultimate storage area of significant amounts of materials.

The RECEIVING STATIONS are the areas where the material is received on board. Most receiving stations are located on the hangar deck. Ship designs vary, even within a class, with consequent variations in number and locations of receiving stations. For example, some ships have receiving stations on elevators 1 and 2 for highline replenishment and a receiving station on elevator 4 for vertical replenishment (VERTREP). Elevators 1, 2, and 3 remain lowered at the hangar deck level while elevator 4 is at the flight deck level until a sufficient amount of material is ready to be lowered to the hangar deck level for receiving.

Material is under the control of the weapons department (air department in the case of VERTREPs) until the nets are detached from the transfer rig at the receiving station. When the rig is detached, the accountability of the material then belongs to the supply department and must be removed from the receiving station as quickly as possible. The time interval available is the time required for the hook to travel to

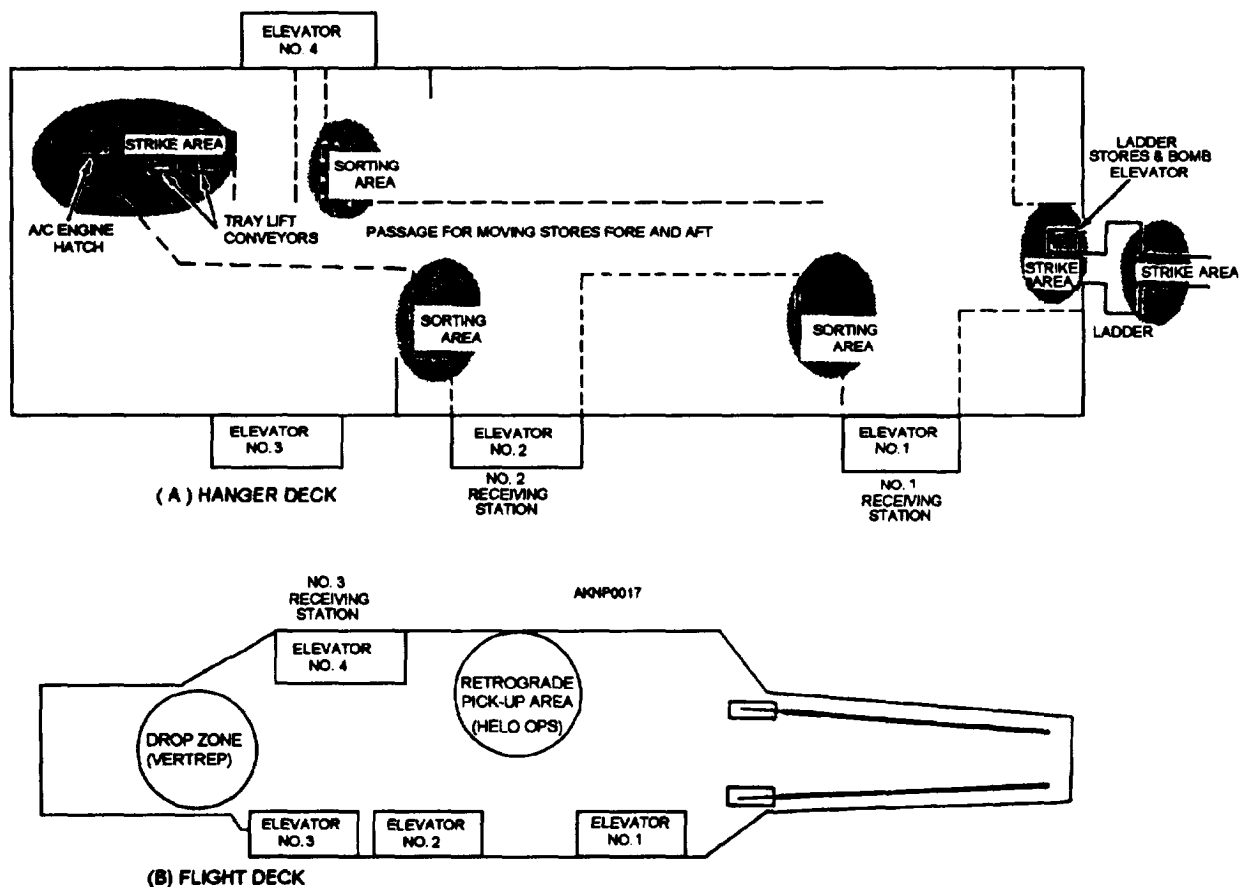


Figure 3-5.-Carrier replenishment stations (UNREP/VERTREP): (A) Hangar deck; (B) Flight deck.

the transferring ship, pick up the next loaded net, and return. Material received by helicopter during VERTREP must be moved into the elevator quickly, keeping the drop zone clear. When the elevator is full or maximum weight load is attained, it is lowered to the hangar deck, cleared of stores, and promptly raised to the flight deck for the next load.

The SORTING STATIONS are located where the material is separated by type and storage destination. These stations maybe located at any point, depending on local conditions. The main consideration in assigning locations for sorting stations is that they are located outside of the main passage for moving material from one station to another.

Some ships are designed so that storerooms for provisions are accessible from the messdeck. On these ships, provisions may be moved to the messdeck area before sorting. When the storerooms are located in other parts of the ship, sorting must be done on the hangar deck.

The STRIKE STATIONS are located at the access hatches where the material is moved below decks. Included in this group are the ammunition elevators, hatches where pallets are lowered by electric hoists, and hatches where material is passed down by hand or by sliding on a board, metal chutes, or belts.

This group is critically important. Access hatches must remain open until the stores are struck below. A ship is always in danger when it is unable to seal off all compartments within a few minutes.

PERSONNEL REQUIREMENTS.— The number of personnel required for an UNREP depends on the number of stations to be used, the type and amount of stores to be received, and the equipment available that serves to reduce manual labor.

Normally, the ship has local instructions that list the number of personnel and the type of equipment required at each station. This instruction should be reviewed by all senior supervisors before each UNREP. When it appears the instruction is inadequate or incorrect, the planning group should not hesitate to recommend changes based on careful analysis of each provision of the instruction.

A replenishment plan, published before each UNREP operation, should assign units to each station and list the deck and frame numbers where the personnel should report.

Petty Officers.— Petty officers from other departments furnishing personnel for working parties

are the backbone of any good replenishment. These petty officers are assigned as supervisors and orders should be issued through them for their assigned personnel. Supervisory petty officers should be assigned at a ratio of 1 for each 10 people in the working party. These 10 people are under the petty officer's control as a team at all times and the petty officer is responsible for seeing that they remain on station until dismissed.

Working Party.— The number of personnel required for working parties depends on the number of stations that will be used and should be considered separately, taking into account the type of stores to be handled at that station and the equipment to be used. Heavy and hard to handle materials that must be moved rapidly will require frequent relief of personnel to rest. Personnel relief should also be provided for any team or teams that are to be on station for an unusually long time. Proper rotation of personnel to accomplish this task will facilitate its completion and prevent accidents.

When material is to be removed from the receiving stations by towing the loaded cargo nets to the sorting stations, one team should be assigned to each receiving station to pick up items that spill from the nets. However, most of the cargo being received are palletized, which makes handling easier.

BRIEFING TEAM LEADERS.— Shortly before the UNREP, the supply officer (or a designated officer in charge) usually calls for a meeting with all petty officers assigned as team leaders. During this meeting, the supply officer (or designated officer) briefs the petty officers on what is expected from each team, the materials they will handle, and approximately how long they are to be on station. Safety is also discussed in detail during the meeting. Team leaders are also made aware of expected receipts of hazardous material and what part their unit will be expected to participate in. Any peculiarities of the equipment involved are explained to the team leaders. They are informed of where and when to pickup and return all equipment that will be required for the UNREP.

DEBRIEFING TEAM LEADERS.— After the UNREP is completed, all supervisors and team leaders should meet to debrief the supply officer of any problems encountered during the operation. Recommendations should be submitted for corrections of procedures that did not go well during the UNREP so they will not be repeated in future operations. Any outstanding accomplishments and jobs well done should also be noted at this debriefing.

Receipt Processing

The Integrated Barcode System (IBS) is widely used for receipt processing on board aircraft carriers. The IBS is made up of hardware that includes personal computers, label printers, and scanners. The IBS Coordinator is assigned to manage the whole system while the Site Coordinators manage the IBS operations in each site or location. The IBS is an integral part in performing the Receipt in Process (RIP) procedures. When material is received on board, receiving personnel use the scanner to read the barcoded information on the receipt document. The information in the scanner is uploaded to a personal computer or copied to a diskette. This procedure allows recording of all material that was received on board and is awaiting processing of a matching stow or consignee copy. The only exception to using IBS for DTO receipts include materials for the following projects:

- Not Mission Capable Supply/Partial Mission Capable Supply (NMCS/PMCS)
- BROAD ARROW
- Awaiting Parts (AWP)
- Casualty Report (CASREP)

The S-6 division processes the NMCS/PMCS, BROAD ARROW, and AWP receipts through the NALCOMIS module. The receipt transactions are processed into NALCOMIS through conversation codes N613 and N615. After processing in NALCOMIS, these transactions must be randomly verified to ensure they are posted to SUADPS ledgers or files. Receipt transactions for CASREPs are processed manually into SUADPS-RT by the S-1 CASREP coordinator.

Receipt File

All original copies of receipts for consumable items are maintained by the S-1 division. The S-6 division maintains files for all aviation depot level repairable (AVDLR) receipt documents. There are two separate receipt files. One file for stock and another for DTO receipts. The documents in the completed file are arranged in Julian date/serial number sequence.

Document Flow Control

The control procedures for moving material from the point of receipt to the storeroom or consignee may vary from ship to ship. However, each activity must

have a control procedure in place to account for incoming materials. Some materials require strict control or signature control. These materials include, but are not limited to, AVDLR, hazardous, controlled equipment, classified items, NMCS/PMCS/AWP, CASREPS, and registered mail. A quality assurance (QA) check ensures proper receipt processing and stowage procedures are performed.

MATERIAL EXPENDITURE

The expenditure of material is the act of removing a specific quantity of an item from the activity's stock records. The material is expended from the records when requested by an end-user or another activity, or disposed of as directed by higher authority. Expenditure is also used to keep the stock quantity in balance when stock material is lost or is no longer usable. In most cases, material is considered as no longer usable when its shelf life has expired or the material is damaged beyond repair. This section covers the various types of expenditures and procedures used to update the activity's records. The activity's records may be updated manually or through the computer system.

The AKs use the NALCOMIS to process material expenditures. The NALCOMIS is connected to a host computer (Electronic Interface) that records all transactions in the master file. The host computers include the following:

- Uniform Automated Data Processing System-Stock Point (UADPS-SP)
- UADPS-Level II
- Shipboard Uniform Automated Data Processing System-Real Time (SUADPS-RT)

The UADPS-SP and UADPS-Level II are used ashore. The SUADPS-RT is used aboard large ships.

TYPES OF EXPENDITURES

Material in stock is expended by issue, transfer, cash sale, loss by inventory, and survey transactions.

An issue is the physical act of turning over material to an end work center or supported unit as the result of a customer requisition. Activities using NALCOMIS submit a requisition by using the format in conversation code N601 or N602. This requisition will create a DD Form 1348-1 issue document for the available material. Upon receipt of proof of delivery (POD) copy in supply, the issue transaction is

completed by processing it through conversation code N615. Under SUADPS-RT, the material is requested through the material requirement internal (MRI) function.

A material transfer is the movement of an item from the custody and records of an activity to another activity or another stores account within the activity. Another activity includes a nonsupported ship, other supply officer, or shore activity. Material “cross deck” to another ship is a transfer. Transfers to another stores account within the activity include material movement from stock to ship’s store. Transfers are recorded through the material requirement external (MRE) function of SUADPS-RT and classified into the following groups:

- Transfers to end-use operating forces (DI X34)
- Transfers to end-use ashore (DI X38)
- Transfers to Defense Business Operations Fund (DBOF) activities (DI X37)
- Off-load of excess material (DI X37)

Cash sales are processed by using document identifier (DI) X35. Material expended as a cash sale may be made to the following activities: U.S. Air Force and Army activities (includes sales of aviation fuels); Military Sealift Command commissioned ships (APA and 1 Q cognizance material only); merchant vessels and nonmilitary aircraft; other U.S. government agencies; foreign armed forces, vessels, and aircraft; and U.S. Coast Guard activities.

A survey is the expenditure of material when it is lost, damaged, or unserviceable for some other reason such as not ready for issue (NRFI) and not economical y repairable. Survey transactions are processed by using DI X43.

EXPENDITURE RECORD LOG AND INVOICE FILE

An expenditure record log is used to control expenditure document number assignments and to provide a record of all expenditures except issues to the activity’s work centers and supported units. The log should contain an entry for each transfer, cash sale, and survey processed by the activity. Batch entries maybe made for transfers generated by automated off-load processing. As a minimum, the expenditure record log should contain the following information:

- The expenditure document number includes the UIC, Julian date, and serial number. Do not duplicate the document number except for replenishment of aviation depot level repairable depot level repairable (AVDLR/DLR).
- The expending department’s name or title.
- The activity where material is transferred to or the disposition of material.
- Material identification such as the stock number, part number, and nomenclature of the item.
- Remarks column for additional information concerning the transaction.

The expenditure invoice file contains the original of each transfer, cash sale, or survey document processed by the activity. This file is maintained in Julian-date and serial-number sequence and retained for a period of 3 years.

MATERIAL ISSUES

The authority for the supply department to issue material is a customer request submitted on-line via the NALCOMIS, SUADPS-RT, or off-line (manually) by submission of a DD Form 1348 (6-pt), or by any other locally acceptable form.

Requests for material from customers received on locally approved forms (off-line submission) contain the following minimum information:

- NSN/NICN/local item control number (LICN) or part number
- Unit of issue
- Quantity
- Document number
- Chargeable end-use fund code
- Project/priority code
- Advice code, if applicable
- Maintenance data system (MDS) data, if applicable
- COG (not carried items only)
- Nomenclature (not carried items only)

Material requests received off-line are entered manually in NALCOMIS by using the material contingency procedures. The requests may also be

entered directly in SUADPS-RT, or processed completely off-line if necessary. Issues processed off-line must be recorded in SUADPS-RT using the post-post option.

Issue Processing (On-Line)

On-line processing of material requests consists of the real-time requisition processing, manual storeroom/warehouse processing, customer delivery/pick-up, and warehouse processing (SUADPS-RT).

Real-Time Processing

Material requests entered via the NALCOMIS or SUADPS-RT either by the customer or the supply department are automatically validated. The information on the requisition is checked against the validation tables or files to make certain that only valid data has entered the system. Validation errors will cause an error message to be displayed, and the condition must be corrected before the processing can continue. After successfully completing the validation process, the computer automatically checks if material or acceptable substitutes is available. If the requested material or substitute is available, the computer produces the picking ticket or issue document (DD Form 1348- 1). A record for each picking ticket is established in the issue pending file. Material determined to be not carried (NC) or not in stock (NIS) is procured under on-line DTO procurement processing.

Storeroom/Warehouse Processing

Storeroom or warehouse personnel use the computer-generated issue document or picking ticket to find the material. After locating, the material is physically moved to a designated issue staging area. When material cannot be located in any of the locations indicated on the issue document (up to four locations may be indicated), additional locations maybe obtained from the material location file. Stores/material personnel process the issue document as follows:

- All locations indicated on the issue document (DD Form 1348-1) are searched for sufficient quantity to fill the requirement. If material cannot be located, the surrounding locations should also be searched.

- Material available to fill the requirement is moved from the storage location to a central staging

area for turnover to the requesting work center or supported activity.

- The individual staging the material puts his/her initials, the date, and the staging area location on the issue document.

- Attach one copy of the issue document to the material.

- The material is delivered to the customer contact point or picked up by the customer from the staging area.

For detailed procedures in processing complete or partial issue, total NIS or warehouse refusal, refer to your activity's operating manual.

Customer Delivery

When the material is picked up by or delivered to the customer, the customer signs and enters the current date on the issue document (delivery copy). The signed copy is forwarded to the processing point for the particular storage area.

Processing Proof of Delivery

When the processing point receives the delivery copy, the issue transaction is processed into the NALCOMIS or SUADPS-RT. When the original requirement is NIS (completely or partially) and the balance is still required, screen the substitute file. If substitute item is available, notify the customer and offer the item for issue. When substitute item is not available and remaining quantity is still required, process a DTO requisition. After processing the DTO requisition, mark the original issue document with "Recorded in SUADPS," initial, and forward to stock control for filing in the history file.

Files Updated

Upon completion of warehouse action processing, the computer files are updated as a result of the issue transaction. The on-hand quantity is reduced by the quantity issued to reflect the quantity remaining in the storeroom or warehouse locations.

When the issue is maintenance related, a maintenance data collection (MDC) record is added to the applicable file. The data included are the job control number (JCN), document number, NSN, work unit code, and so forth. Refer to OPNAVINST 4790.2 for additional information on maintenance reporting.

Issues of AVDLR/DLR material at aviation activities will update the repairable tracking file. This file contains the requisition generated to replenish the item for stock.

The issue transaction record is added to the financial holding file and held until financial posting and reporting are completed at the end of the month's financial processing.

The issue transaction is added to the material transaction ledger file for later review on the cumulative transaction ledger (CTL) and subsequent research requirements.

When the issue is partial NIS or total NIS, the DTO requisition for the NIS quantity is established in the basic requisition file.

When the issue is partial NIS or total NIS, the off-station DTO requisition for the remaining quantity is added to the transaction holding file pending requisition release Processing by stock control.

Maintenance Support Package

Maintenance Support Package (MSP) material consists of small, low-cost, aviation consolidated allowance list (AVCAL) allowance stock material. Items included in an MSP are designated by the supply officer and are identified on the basic material file by setting the MSP indicator. MSPs are centrally located in or near aviation maintenance facilities to provide easy access to maintenance personnel. Items in MSP are issued to satisfy immediate maintenance requirements. Requests for additional quantities and intended for stock-piling by work centers is not permitted.

ISSUE PROCEDURES.— Issues from MSP are accomplished according to the procedures outlined in NAVSUP P-567 or they maybe done off-line using a locally developed drop sheet form. When the drop sheet is used, issues are conducted upon presentation of a Maintenance Action Form (MAF) or a facsimile print-out. A separate line entry is made on the drop sheet for each item issued. Daily MSP issues are recorded in SUADPS-RT using the MRI post-post option described in *SUADPS-RT Support Procedures, volume 2, chapter 3*.

MSP LISTINGS.— A listing of MSP material is produced using the master stock status and locator listing (MSSLL) and general selector functions of SUADPS-RT processing. These lists should be made available to all user departments and updated periodically to maintain current data.

ISSUE CONTROL

Supervisors must ensure that internal control procedures are being followed. These controls are established to monitor all pending issue requests until they are completed. The purpose of internal control is to ensure that the following are obtained:

- Process all customer requirements within prescribed time frames
- Preserve the highest possible inventory accuracy
- Assure the integrity of computer files

The SUADPS-RT assists in this monitoring function through the issue pending file and daily unprocessed picking ticket (issue document) report. This report must be reviewed daily and a follow-up action initiated to complete all outstanding issue transactions.

Issue requests processed off-line are monitored using copies of issue documents retained in the issues pending file (manual). This file must be reviewed daily, and follow-up action must be taken for all documents not returned within the 72-hour time frame.

MATERIAL TRANSFERS

Material transfer is the movement of material from the custody and records of the activity to a nonsupported Navy ship or shore activity. Material transfers are made only upon receipt of an official request document. However, material in excess of the activity's needs may be off-loaded to a shore activity.

Responsibility

The *Standard Organization and Regulations of the U.S. Navy*, OPNAVINST 3120.32, paragraph 328, defines the general duties of the supply officer. These duties include the responsibility for managing material transfer. The supply officer or designated assistant must approve transfer of material from the command. However, the management responsibility for some special material is delegated by the commanding officer to other officers. In this case, the delegated officer is responsible for approving transfer of these materials. Although such responsibility may not be delegated in a commanding officer's letter, it should be specified in the activity's organization and regulations manual.

Before transferring any material (except for excess items) to another activity, the supply officer should make sure that the material is not currently needed by

the departments that normally use it. In the absence of the supply officer or the designated assistant, material transfers may be approved by the duty supply officer or the command duty officer.

Department heads and responsible officers other than the supply officer, are not authorized to transfer stock or operational support inventory material in their custody. When transfer of such material is necessary, the custodial department head is responsible for turning the material into supply for documentation and transfer. Other department heads or responsible officers are also responsible for notifying the supply officer of existing or anticipated needs they have for the RFI material that is being considered for transfer.

Files Updated

Under automated procedures, the following files are updated at the completion of all transfer transactions:

- The on-hand quantity in the basic material file (BMF) is reduced by the quantity actually transferred.
- Upon completion of a transfer, the record of the transaction is added to the financial holding file and held until all financial posting and reporting has been completed by the end of the month's financial processing.
- Upon completion of a transfer, the transaction is recorded in the material transaction ledger file. This file can be used for subsequent research concerning the transaction through SUADPS-RT.

CASH SALES

Transactions involving cash sales must be reviewed to ensure they meet the requirements of NAVSO P-3013-2. With the approval of the commanding officer, transfers of material by cash sale may be made to the following:

- U.S. Air Force and Army activities (See NAVSO P-3013-2, paragraph 6103)
- Marine Corps (See NAVSO P-3013-2, paragraph 6101)
- Military Sealift Command commissioned ships (See NAVSO P-3013-2, paragraph 6102-2)

- Merchant ships (See NAVSO P-3013-2, paragraph 6103-2)
- Foreign merchant ships, naval ships, and aircraft (See NAVSO P-3013-2, paragraph 6104)
- Other government departments and foreign governments (fuels and lubricants) (See NAVSO P-3013-2, paragraphs 6104-3 and 6200)
- U.S. Coast Guard activities (See NAVSO P-3013-2, paragraph 6103)
- Sales to U.S. Government Activities and Organizations

Before transfer of material, an official order or requisition signed by proper authority must be received from the requesting activity. The order or requisition must provide the appropriation of the department to be charged and the fiscal officer from which reimbursement is to be obtained. When possible, cash is collected locally from the activity receiving the material. When it is not possible to collect cash locally, appropriate documentation is forwarded to Defense Finance and Accounting Service (DFAS), Mechanicsburg, PA 17055, code XDN, for collection.

Sales to Other Governments and Organizations

Material may be transferred by cash sale when the conditions in NAVSO P-3013-2 are met. Material may be sold for cash to foreign naval vessels and military aircraft, allied armed forces, merchant vessels, nonmilitary aircraft, civilian organizations, and foreign countries (during civil disaster or emergencies). The commanding officer of the selling activity must approve the sale in writing and certify the circumstances that require the sale. Sales should be made for cash, which will be collected locally whenever possible. When it is not possible to collect cash locally, the procedures outlined in the following paragraphs should be used.

CASH COLLECTED LOCALLY.— When cash is collected locally for material sold according to procedures listed above, a DOD Requisition and Invoice/Shipping Document, DD Form 1149, should be prepared. Refer to NAVSUP P-567, chapter 6, for an example of a DD Form 1149 format for cash sales.

Upon completion of the cash sale copies, the DD Form 1149 must be distributed accordingly. Forward the original and three copies of the completed form to the disbursing officer. Attach one copy to the monthly financial inventory report in which the cash sale is being reported. File one copy with the monthly financial inventory report that is being retained for file. Place one copy in the expenditure invoice file. Forward one copy to stock control for processing the transaction into SUADPS-RT and for filing in the history file. Provide one copy of the DD Form 1149 to the customer.

CASH NOT COLLECTED LOCALLY.— When it is not possible to collect cash locally for cash sales, prepare a DD Form 1149 containing the mandatory information described in the following texts.

- Provide the name of the department, bureau, office, branch, and specific activity to which the material was sold.
- Provide the name and address of the fiscal office or commercial firm from which reimbursement is to be obtained.
- Print the date and number of the request placed by the ordering activity.
- Provide a complete appropriation symbol data of the department that will bear the cost (not required for sales to foreign governments and commercial or private organizations).
- Ensure to obtain the receipt signature of a responsible representative from the receiving activity/organization.
- Include the Defense Business Operations Fund (DBOF) appropriation, subhead, and fictional account to be credited for the cash sale.

When receipt signatures cannot be obtained because of geographic limitations, material should be shipped by certified mail with return receipt requested. The certified mail number must be indicated in block 2 of the DD Form 1149. Copies of all outstanding and completed certified mail shipments should be retained in the expenditure invoice file as backups for challenged billings.

Upon completion of the cash sale transaction, the DD Form 1149 should be distributed accordingly. For material managed by the Naval Aviation Inventory Control Point, Mechanicsburg, PA, mail the original and three copies (one copy signed by consignee or person receiving the merchandise) for collection to Defense Finance and Accounting Service (DFAS),

Mechanicsburg, PA 17055, code XDN. Each DD Form 1149 should be listed separately on a letter of transmittal showing the invoice/requisition number and the total amount of the sale. Attach one copy with the monthly financial inventory report in which the sale is recorded. Place one copy with the monthly financial inventory report that is being retained for file. Use one copy for filing in the expenditure invoice or proof of delivery file. Forward one copy to stock control for processing into SUADPS-RT and tiling in the stock control history file. Provide one completed copy of the DD Form 1149 to the customer.

Cash Sales codes

The customer codes used in preparing the DD Form 1149 to document cash sales are listed in *NAVCOMPT Manual*, Volume 2, paragraph 028302-3.

Files Updated

Upon completion of cash sale transactions, update the appropriate stock control files. The on-hand quantity is reduced by the quantity of the material sold. After completing the transaction in SUADPS-RT, add the cash sale record to the financial holding file until all financial posting and reporting have been completed at the end of the month's financial processing.

MATERIAL SURVEYS

Even with the control and security established to safeguard stock and property book material, discrepancies may still occur. These discrepancies are subject for review/approval of the applicable authority through survey procedures. Discrepancies concerning physical inventory management of stock are described in NAVSUPINST 4440.115. The *Defense Finance and Accounting Service Manual*, (NAVSO P) 1000.3, describes plant property and other Navy Property. *The Afloat Supply Procedures*, NAVSUP P-485, Appendix II, lists the items included in controlled equipage.

Other discrepancies may be attributable to other activities and are reported according to other regulations. For example, a discrepancy in shipment that is attributed to the shipper must be processed according to NAVSUPINST 4440.179. In this case, the receiving activity does not have to process a survey, but a report of discrepancy must be submitted.

Material survey is a procedure for determining the cause of gains, losses, or damage to Navy property, establishing personal responsibility (if any), and

documenting necessary inventory adjustments to stock records.

The inventory adjustment process is designed to adjust and correct the difference between the quantities in the stock records and in the location(s). For certain items, the inventory adjustment process is inadequate to certify that the loss or gain was not caused by misconduct, negligence, or abuse. In this case, a survey action may be required.

When a preliminary research cannot resolve the discrepancy, the accountable and responsible individual must initiate a causative research. A *Financial Liability Investigation of Property Loss*, DD Form 200, is prepared and forwarded to the appropriate survey officials. When the survey action involves stock material, the inventory adjustment is entered into the stock record only after approval of the survey.

Survey Requirements

When a loss or gain of material meets the criteria for survey action, prepare a DD Form 200 according to the procedures outlined in NAVSUP P-485.

CRITERIA FOR SUPPLY SYSTEM STOCK.— Prepare a DD Form 200 for unresolved discrepancies involving supply system stock material categories as follows:

- Sensitive items such as drugs, precious metals, narcotics, and alcohol regardless of money value .
- Classified material regardless of dollar value.
- Arms, ammunition, and explosives regardless of dollar value.
- Pilferable, valuable, and attractive items that easily convert to personal use (such as hand tools, individual clothing, office machines, and photographic equipment) and when extended dollar value of a line item discrepancy is \$750.00 or more.
- Bulk petroleum products when the loss exceeds stated allowances.
- Noncontrolled items when the extended dollar value exceeds the causative research threshold of \$2,500 (\$5,000 for CLF food items).
- Any adjustments to AVDLR/DLR, regardless of dollar value.

- Discrepancy or repetitive loss where there is an indication or suspicion of fraud, theft, or negligence.

CRITERIA FOR PROPERTY BOOK MATERIAL.— Property book material consists of all government property other than supply system stock. It includes military real property, military personal property, weapons and other military equipment in use, and plant equipment. When property book material is lost, commanding officers must determine if a DD Form 200 is required to assign responsibility, adjust records, or provide relief from accountability. As a rule, all items are subject to survey procedures with the following exceptions:

- When the loss of a motor vehicle is involved, a motor vehicle accident investigation report may be used instead of the report of survey. The accident report may be used for survey purposes only when the investigation clearly indicates that there is no negligence, personal injury, or claim against the government.

- Discrepancies in quantities transferred to disposal DRMO are not surveyed provided that the value of the loss is less than \$300 per line item and does not involve sensitive items. A pattern of shortages may trigger an investigation to identify theft or intentional losses of items to avoid preparing turn-in documents.

- Special tooling and special testing equipment reporting procedures should be provided by the cognizant laboratory or hardware systems command.

- Property lost during combat operations. These losses are accounted for in other regulation and need not be reported on DD Form 200.

Missing, Lost, Stolen, and Recovered Reports

In addition to the above procedures, SECNAVINST 5500.4 should be consulted with respect to the policy of missing, lost, stolen, and recovered (MLSR) reports. The MLSR (message report) is required for adjustments of sensitive or classified items such as arms, ammunitions, and explosives. The DD Form 200 is used as the final report if a sensitive item is in the inventory. Material damaged in shipment and in transit that is reported on Standard Form (SF) 364 or SF 361 also requires a DD Form 200 as a final report.

Responsibility for Survey Actions

The discrepancies that require a DD Form 200 are subject to review/approval by the individuals listed in table 3-3.

The Accountable Officer is an individual appointed by proper authority who maintains items/financial records in connection with government property. The property may be in his/her own possession, in storage, or in the possession of others. The accountable officer may entail financial liability for failure to exercise his/her obligation. For supply system stocks, the stock control officer is normally assigned this responsibility (figure 3-1).

The Responsible Officer is an individual appointed by proper authority to exercise custody, care, and safekeeping of property book material.

The Reviewing Authority is an individual designated in writing by the Approving Authority to review and analyze the results of supply system stock research.

The Appointing Authority is an individual designated in writing by the Approving Authority. (NOTE: The Approving Authority may act as the Appointing Authority.) The Appointing Authority performs the following:

- Appoints financial liability officers when required

Approves or disapproves the recommendations of the Responsible Officer, Reviewing Authority, or Financial Liability Officers

Recommends actions to the Responsible Officer

The Approving Authority makes determination to relieve involved individuals from responsibility or accountability or approve the assessment of financial liability. The Approving Authority may act as the appointing authority or designate an Appointing Authority in writing. The Approving Authority is normally senior in rank to the Appointing Authority. The approving authority is normally the commanding officer with the following exceptions:

- The CO may authorize the supply officer to approve surveys of Defense Business Operations Fund (DBOF) material valued at less than \$10,000.
- The Approving Authority may not be directly accountable or responsible for the property being surveyed.

Survey Process

The steps for processing surveys include the following:

- Initiation of inquiries
- Review process

Table 3-3. Role of Individuals in a Survey Process

AUTHORITY	MATERIAL CATEGORY			
	STORES INVENTORY	PROVISIONS INVENTORY	SHIP'S STORE INVENTORY	OTHER PROPERTY INVENTORY
Accountable Officer	SUPPO or Stores officer	Food Service Officer	Sales Officer	Dept Head
Responsible Officer	Division Officer or LCPO/LPO	Division Officer or LCPO/LPO	Division Officer or LCPO/LPO	Dept Head or Division Officer
Reviewing Authority	SUPPO/ASUPPO (If not accountable)	SUPPO/ASUPPO (If not accountable)	SUPPO/ASUPPO (If not accountable)	XO
Appointing Authority	CO, XO, or SUPPO (if not accountable)	CO, XO, or SUPPO (if not accountable)	CO, XO, or SUPPO (if not accountable)	CO, XO
Approving Authority	CO or SUPPO (if not accountable)	CO or SUPPO (if not accountable)	CO or SUPPO (if not accountable)	CO or SUPPO (if not accountable)

- Recommendations for unresolved discrepancies that indicate no personal responsibility
- Investigations and documentation of facts concerning unresolved discrepancies that indicate evidence of personal responsibility

Approval of the report

In some cases, the discrepancy may require submission of other reports. For example, losses of controlled substances require a report to Drug Enforcement Administration according to NAVSUPINST 4440.146.

Preparation of DD Form 200

The DD Form 200 is used to document the report of survey and certify the survey process when government property is lost, damaged, or destroyed. This form is the official document to support establishment of debts, relief from accountability, and adjustment to accountable records for supply system stock and property book material. The preparation of the DD Form 200 may vary slightly, depending on the nature of the asset (property book material or supply system *stock*). Refer to NAVSUP P-485 for specific instructions in preparing the DD Form 200.

Distribution of the Completed DD Form 200

Upon completion of the survey, distribute the DD Form 200 accordingly. The originating activity retains the original copy unless required by higher authority. A duplicate copy is returned to the appropriate property officer to replace the quadruplicate copy, which may then be destroyed. Forward a third copy to the disbursing officer if pecuniary liability is assessed. If pecuniary liability is not assessed, the triplicate copy is destroyed. Forward copies of DD Form 200 for surveys exceeding \$100,000 to the type commander with the monthly financial returns.

Retention Of Records

The approved DD Form 200, preliminary and causative research findings and recommendations, and all other documentation related to the surveyed material should be retained for a period of 2 years.

Requirements and Limitations Regarding Withholding the Pay of Personnel

There is no statutory authority for withholding the pay of nonaccountable persons for the loss of or damage to government property. It is the policy of the Department of the Navy that, in the absence of statutory authority, an individual's pay may not be withheld for loss of or damage to government property unless the individual voluntarily consents to the withholding. However, under the provisions of Title 31, United States Code 89-92, the Commander, Naval Supply Systems Command (COMNAVSUPSYSCOM) is authorized to make determinations relating to the responsibility of accountable officers for the loss of property entrusted to them that occurred through the negligence of the accountable officer. Determinations of COMNAVSUPSYSCOM are made on the basis of technical and legal review of evidence contained in investigations conducted according to the provisions of the *Judge Advocate General (JAG) Manual*, chapter 2. The indebtedness of an accountable officer is established when the commander or director certifies to the General Accounting Office. This is considered sufficient to permit withholding of current pay, as well as final pay, as prescribed in the *Department of Defense Pay and Entitlements Manual*. For nonaccountable persons, indebtedness may be established according to the provisions of the *JAG Manual*, section 0167, and *NAVCOMPT Manual*, Volume 4.

Reimbursement to the Government

Collecting or checking a pay record for loss or damage to government property by naval personnel is not authorized unless the member concerned voluntarily consents, in writing, to such action (refer to *NAVCOMPT Manual*, paragraph 043114-2). When the person voluntarily agrees, the following procedures apply.

COLLECTIONS FROM ENLISTED PERSONNEL.— The commanding officer or officer in charge should advise enlisted personnel who voluntarily agree to reimburse the government of their:

- right to legal counsel,
- right to rebut the findings,
- right to make remittance direct to the disbursing officer, and
- right to appeal the finding of the report of survey.

COLLECTIONS FROM OFFICERS.— When an officer or warrant officer is held pecuniarily liable, the commanding officer or officer in charge (OIC) notifies the individual of his/her legal rights. The CO or OIC requests the individual to accomplish the following actions:

- Remit the amount to the local disbursing officer and furnish a copy of the receipt to accompany the DD Form 200.
- Authorize the preparation of a Military Pay-Adjustment Authorization, DD Form 139.

The CO or OIC sends a copy of the approved DD Form 200 to the disbursing officer for collection.

EVIDENCE OF NEGLIGENCE—REIMBURSEMENT.— When the results of the research are positive and the responsible individual admits pecuniary liability for a loss, damage, or destruction not exceeding \$500, he or she may agree to reimburse the government in one of two ways. The individual may pay in cash, in which case a Cash Collection Voucher, DD Form 1131, is processed. The other way is to grant permission for preparation of a Military Pay-Adjustment Authorization, DD Form 139, authorizing a deduction from his or her pay. A Report of Survey, DD Form 200, is processed in all cases when the dollar amount exceeds \$500.

SUMMARY

In this chapter we discussed the procedures for processing receipts. We discussed how receipt processing is enhanced by proper layout of workspaces, procedures, personnel, material handling equipment, and storage areas. We also discussed the different ways

and places we may receive and process materials and the people involved to accomplish them.

We have learned that the basic procedures for processing receipts ashore or afloat is the same. The basic procedure includes inspection and verification (if required), documentation, maintaining proof of delivery, appropriate storage (as needed), and recording the transactions.

Material may be received by the supporting activity as direct turnover (DTO) to the customer or for supply stock. These actions occur as a result of requisitions submitted by the customer or for stock replenishment. The supporting supply activity may also receive materials when the customer returns them for a reason. Customers return material to the supply activity because the material is no longer required. In some cases, materials not conforming to requirements or are quality deficient are also returned to supply.

In this chapter, we also discussed the procedures we may take to report receipt discrepancies. The discrepancies should be reported on time, using the proper forms, and copies of the report are distributed to the proper activities.

We also discussed the different types of material expenditures, the procedures to accomplish the transactions, and the references that support them.

This chapter will help you perform the following tasks:

- Monitor receipt and disposition of material
- Manage the aviation consolidated allowance list, the shore consolidated allowance list, and monitor repairable management through receipts and expenditure processing